

4 MARCH 1993



Supply

***SUPPLY MANAGEMENT BUSINESS AREA
OF THE DEFENSE BUSINESS
OPERATIONS FUND***

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Pages: 4

Distribution: F

1. To support the national defense strategy, the Air Force must ensure weapon system readiness. The Air Force will use Defense Business Operations Fund (DBOF) and Unit Cost Resourcing (UCR) business principles to sustain readiness by maintaining adequate materiel availability. Using these principles will ensure materiel is available by improving supply system responsiveness and reducing cost.
2. Air Force personnel responsible for managing and consuming Air Force-owned or -possessed materiel will implement appropriate cost management strategies into their operational business practices aimed at achieving mission objectives at the least possible total cost.
3. The following responsibilities and authorities are established:
 - 3.1. Headquarters Air Force is responsible for determining and implementing logistics functional requirements and policy. The Office of the Secretary of the Air Force is responsible for determining and implementing the financial policies of the Supplies Management Business Area.
 - 3.2. Division managers are responsible for specific policies, procedures, and business practices required to comply with the intent of this policy. They will prepare, justify, issue, and manage annual budgets and provide surveillance over the acquisition, storage, and distribution of inventories as well as DBOF capital assets. Division managers must comply with Comptroller of the Department of Defense (DoD) OSD(C) directed unit cost operating guidelines.
4. This policy directive applies to the seven stock funded divisions (Fuels, Medical-Dental, Air Force Academy, General Support, System Support, Repairable Support, and Cost of Operations) of the Air Force Supply Management DBOF Business Area.
5. The terms used in this directive are explained as follows:
 - 5.1. **Defense Business Operations Fund (DBOF) Department of Defense (DoD).** DoD expanded the use of businesslike financial practices through the establishment of the DBOF on 1 October 1991. The Air Force Stock Fund became a part of the fund now called the Air Force Supply Management Business Area.

5.2. Unit Cost Resourcing Defense Business Operations Fund (DBOF). Operating entities (e.g., Air Force DBOF Supply Operations) are not given fixed annual appropriated operating budgets, but are given Unit Cost Documents which authorize the DBOF activity to incur operating and capital obligations according to either fixed operating ratios (e.g., sales or demands to obligations) or fixed allocations (e.g., a specific amount for capital purchases). Compliance with the unit cost targets is mandatory for all DBOF business managers.

- 6.** See [Attachment 1](#) for measures used to comply with this policy.

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Attachment 1

MEASURING AND DISPLAYING COMPLIANCE WITH POLICY

A1.1. Overall policy objectives require Air Force materiel managers to improve supply system efficiency and material availability through application of DBOF and UCR business principles.

A1.1.1. Unit cost efficiency policy objectives will be assessed by measuring each DBOF supply division's progress towards meeting the directed DoD(C) unit cost target (**Figure A1.1.**). Measurements will be charted and reviewed as an integral part of the periodic execution review process.

A1.1.2. The improved material availability policy objective will be assessed by measuring weapon system total non-mission capable supply (TNMCS) rates (**Figure A1.2.**). Measurements will be charted and compared to the Fiscal year (FY) 1991 baseline (pre-DBOF).

Figure A1.1. Sample Metric of Unit Cost Efficiency.

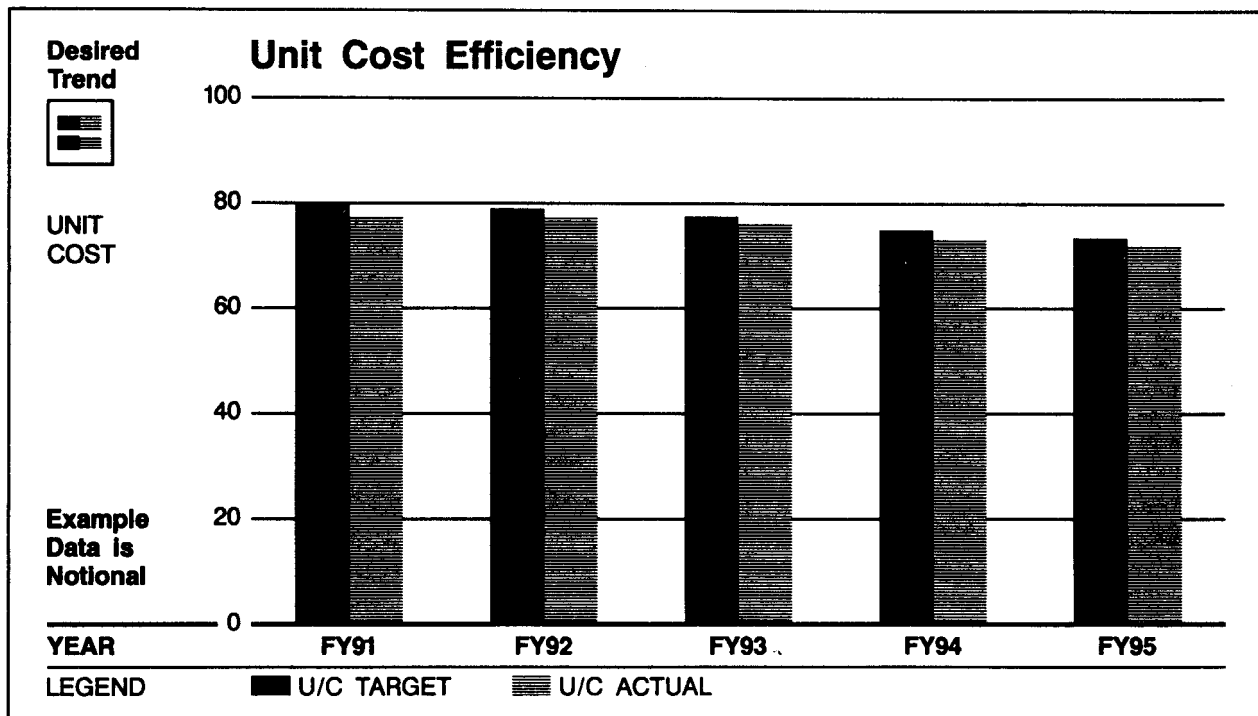


Figure A1.2. Sample Metric of Total Non-Mission Capable Supply (TNMCS).

